Memo

To: Jack Olcott-Industry Relations
Bob Dunn-Gov't Relations
From: Paul Masson-Executive Director

Date: December 4, 2007

Re: Member Disputes: Representations to JPDO, State Authorities and PATA Sponsored Investment

Summary

We have reports that two PATA members, DayJet and Eclipse, reported incorrect, incomplete or false data to the alliance that has been compiled and presented at three PATA sponsored meetings:

- Presentations on industry size, composition and plans provided to the Joint Planning and Development Office (JPDO),
- Presentations on the industry size, composition and plans provided to the state aviation and economic development authorities of Florida, New Mexico and Virginia
- Presentations on committed financing, flight test results and certification milestones presented to investors at PATA events in Oshkosh

The representations are generating media reports reducing other member's ability to present their product development plans, results and financing to multiple audiences.

Recommendation

We (the management team) need to review the claims to determine if DayJet and Eclipse have violated the PATA guidelines on submittal of information and representations at PATA sponsored events. We and the Board are potentially liable if we do not independently evaluate and require either correction of the information or termination of their membership with cause.

Source of Reports

The reports came from two other PATA members, CASA-Florida and PogoJet. CASA's source of information was from their member airport operators in Florida and PogoJet's information was from their in-house research based on reports from investors in Eclipse and DayJet. The reports state that both companies are not achieving their reported test flight performance, preliminary revenue generation nor funding drawdowns from conditional investors. If correct, then one or both companies may be either financially unstable or close to bankruptcy. If this is correct, then the collective industry will fail to launch all of the business models based on VLJ transportation vehicles.